

Q3 2021 Statement

BEFESA

Befesa at a glance

Key figures - 9M/Q3 2021

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Key operational data (tonnes, unless specified otherwise)						
Electric arc furnace steel dust (EAFD) throughput	563,274	501,914	12.2 %	222,606	160,676	38.5 %
Waelz oxide (WOX) sold	192,569	182,410	5.6 %	73,235	55,948	30.9 %
Salt slags and Spent Pot Linings (SPL) recycled	302,988	333,008	(9.0) %	107,224	102,570	4.5 %
Secondary aluminium alloys produced	142,353	123,699	15.1 %	42,900	44,444	(3.5) %
Zinc LME average price (€ / tonne)	2,414	1,905	26.8 %	2,538	1,997	27.1 %
Zinc blended price (€ / tonne)	2,241	2,089	7.3 %	2,220	2,214	0.3 %
Aluminium alloy FMB average price (€ / tonne)	1,978	1,342	47.4 %	2,008	1,312	53.1 %
Key financial data (€ million, unless specified otherwise)						
Revenue	574.2	446.4	28.6 %	190.0	145.2	30.9 %
EBITDA	128.7	84.5	52.2 %	34.6	29.3	18.0 %
EBITDA margin	22.4 %	18.9 %	347 bps	18.2 %	20.2 %	(198) bps
Adjusted EBITDA ¹	136.8	84.5	61.8 %	42.7	29.3	45.7 %
Adjusted EBITDA margin ¹	23.8 %	18.9 %	488 bps	22.5 %	20.2 %	229 bps
EBIT	98.3	41.6	> 100 %	22.8	21.1	8.2 %
EBIT margin	17.1 %	9.3 %	779 bps	12.0 %	14.5 %	(252) bps
Adjusted EBIT ^{1,2}	106.4	57.1	86.3 %	30.9	21.0	47.1 %
Adjusted EBIT margin ^{1,2}	18.5 %	12.8 %	574 bps	16.3 %	14.5 %	180 bps
Financial result	(7.9)	(0.1)	> 100 %	2.3	(6.2)	-
Profit before taxes and minority interests	90.4	41.6	> 100 %	25.1	14.8	69.0 %
Net profit attributable to shareholders of Befesa S.A.	61.5	31.4	95.8 %	15.9	10.8	46.8 %
EPS (in €) ³	1.69	0.92	83.4 %	0.40	0.32	25.0 %
Total assets ⁴	1,683.2	1,061.6	58.5 %	1,683.2	1,061.6	58.5 %
Capital expenditures	60.8	36.2	68.0 %	16.8	11.9	41.9 %
Cash flow from operating activities	73.9	37.8	95.7 %	3.7	26.6	(86.1) %
Cash and cash equivalents at the end of the period	200.7	107.8	86.2 %	200.7	107.8	86.2 %
Net debt	482.1	420.3	14.7 %	482.1	420.3	14.7 %
Net leverage	x 2.33	x 3.31	(x 0.98)	x 2.33	x 3.31	(x 0.98)
Number of employees (as of end of the period)	1,537	1,156	33.0 %	1,537	1,156	33.0 %

¹ 9M/Q3 2021 EBITDA and EBIT adjusted for the €8.1m non-recurring AZR acquisition-related costs

² 9M 2020 EBIT adjusted for the impairment of the UK salt slags plant

³ EPS in 9M/Q3 2020 is based on 34,066,705 shares; 9M 2021 is based on 36,370,474 weighted average shares after the capital increase of 5,933,293 new shares; Q3 2021 is based on 39,999,998 outstanding shares after the capital increase

⁴ 2020 figure as of 31 December

Highlights

- **Q3 2021 with good operational performance and strong earnings growth**, with adjusted EBITDA up 46% yoy to €42.7m, also growing 15% compared to pre-pandemic Q3 2019 levels
- **Record 9M 2021 adjusted EBITDA of €136.8 million, up 62% yoy** (9M 2020: €84.5 million), and **up 17% or €19.7 million vs. 9M 2019**; 9M 2021 adjusted EBITDA margin at 24% (9M 2020: 19%)
Main drivers of €52.3 million yoy earnings increase:
 - (+) Favourable metal prices:
 - Zinc LME prices averaged at €2,414 per tonne, up 27% yoy
 - Zinc treatment charges (TC) for 2021 referenced at \$159 per tonne (2020: \$300 per tonne)
 - Aluminium alloy FMB prices averaged €1,978 per tonne, up 47% yoy
 - (+) Higher EAFD throughput (+12% yoy) and secondary aluminium alloys (+15% yoy)
 - (+) Contribution from acquired zinc US operations**Positive effects were partially offset by:**
 - (-) Lower salt slags & SPL volumes (-9% yoy, mainly due to UK plant closure at year-end 2020)
 - (-) Zinc hedging prices lower yoy
 - (-) Higher inflation and energy cost trends
 - (-) China expansion cost
- Overall **plant utilisation in 9M 2021 solid at pre-pandemic levels**, with Steel Dust at above 80% and Aluminium Salt Slags & SPL at or above 90%
- **Operating cash flows up 95.7% yoy to €73.9 million** in 9M (9M 2020: €37.8m)
- Continued **strong liquidity** of >€275 million including a new high level of €201 million cash on hand, post-dividend distribution and US acquisition funding;
Improved net leverage of x2.33 at Q3'21, down vs. x3.31 at Q3'20 and x3.10 at YE'20
- **Hedge book of Zinc non-US operations extended to October 2024**, thus c. **3 years**;
Zinc US hedges extended to April 2024, thus c. **2.5 years**; Synchronising hedge books
- **China expansion on target:**
 - Jiangsu: Opening event in mid-November; Starting commercial operations
 - Henan: Completion of construction scheduled for YE'21; Commissioning/ramp up H1'22
- **Zinc US operations:**
 - American Zinc Recycling Corp. (AZR) **acquisition closed** on 17 August
 - Consolidating six weeks in Q3 financials; operations **delivering as expected**
 - **Renamed** to Befesa Zinc US and **CEO/President appointed**
 - **Driving progress** on the **integration and related synergies**
- After IPO in 2017 and SDAX entry in Sept 2018, Befesa grew into the **MDAX** - effective as of 20 Sept 2021
- **Outlook 2021:**
 Targeting full year **2021 adjusted EBITDA of c. €195 million**, >50% up yoy;
 Updated (prior: €165-190m) to reflect record YTD earnings and c. 4 months of US operations

Preface

Befesa successfully closed the **acquisition of American Zinc Recycling Corp. (AZR)** and consolidated financials since 17 August 2021.

AZR was **renamed to Befesa Zinc US** and Mr. Rodrigo Daud was **appointed CEO/President**.

Q3 2021 adjusted EBITDA and adjusted EBIT have been adjusted for the non-recurring acquisition costs of €8.1 million.

Business review

Results of operations, financial position & liquidity

Revenue

Total revenue increased by 28.6% yoy to €574.2 million in 9M 2021 (9M 2020: €446.4 million) and by 30.9% to €190.0 million in Q3 (Q3 2020: €145.2 million). The development was primarily driven by the stronger zinc and aluminium alloy market prices, the favourable lower zinc treatment charge (TC) reference, the higher volumes in Steel Dust and Secondary Aluminium, and the contribution from the acquired US operations. These positive effects were partially offset by the lower Stainless operations as well as the lower volumes treated of salt slags and SPL. Also, the unfavourable zinc hedging prices partially offset the positive effect from the zinc LME price increase yoy.

Adjusted EBITDA & EBIT

Total adjusted EBITDA in 9M 2021 increased by 61.8% yoy to €136.8 million (9M 2020: €84.5 million) and by 45.7% to €42.7 million in Q3 (Q3 2020: €29.3 million).

The €52.3 million adjusted EBITDA improvement yoy in 9M was mainly driven by strong base metal prices and good volume performance; the main components being the following:

- Favourable metal prices: zinc TC (€19 million); aluminium alloy FMB and metal margins (€19 million);
- Zinc blended prices: zinc LME price increase (€18 million) partially offset by lower zinc hedging prices (-€5 million)
- Higher volumes: EAFD throughput and contribution from the acquired US operations (€5 million); higher aluminium alloys partially offset by lower salt slags and SPL volumes (€1 million)

- Higher inflation including energy and China expansion costs partially offset by operational excellence (-€3 million)

Total adjusted EBIT increased by 86.3% yoy to €106.4 million in 9M (9M 2020: €57.1 million) and by 47.1% yoy to €30.9 million in Q3 (Q3 2020: €21.0 million), following the same drivers explained referring to the EBITDA development.

Earnings margins in 9M and Q3 further recovered yoy and are at or above pre-pandemic levels: adjusted EBITDA margin improved to 23.8% in 9M (9M 2020: 18.9%) and to 22.5% in Q3 (Q3 2020: 20.2%); adjusted EBIT margin increased to 18.5% in 9M (9M 2020: 12.8%) and to 16.3% in Q3 (Q3 2020: 14.5%).

Financial result & net profit

Total net **financial result** in 9M 2021 came in at -€7.9 million (9M 2020: -€0.1 million). 9M 2020 was primarily driven by the c. €15 million one-time positive impact from the Term Loan B (TLB) repricing in February 2020. 9M 2021 was mainly driven by the c. €10 million positive impact from the contingent foreign exchange hedging in relation with the \$460 million AZR acquisition in August 2021.

Total **net profit** attributable to the shareholders in 9M 2021 increased by 95.8% yoy to €61.5 million (9M 2020: €31.4 million). This improvement was primarily due to the positive drivers impacting EBITDA and EBIT.

Correspondingly, earnings per share (EPS) in 9M also improved yoy to €1.69 (9M 2020: €0.92) despite the fact that the number of shares increased by 17.4% to 39,999,998.

Financial position & liquidity

Net debt increased to €482.1 million at Q3 closing (Q2 2021: €371.4 million; year-end 2020: €393.6 million) mainly due to the €100 million add-on raised to partly fund the AZR acquisition.

The last-twelve-months (LTM) EBITDA amounted to €207.2 million at Q3, which incorporates full-twelve-rolling months of the US operations and is adjusted for the €8.1m non-recurring AZR acquisition-related costs.

Q3 closed at **x2.33 net leverage**, improved from x3.31 at Q3 2020 and x3.10 at year-end 2020.

Net debt (€ million)

	30 September 2021	31 December 2020
Non-current financial indebtedness	663.4	531.5
+ Current financial indebtedness	19.4	16.8
Financial indebtedness	682.8	548.2
- Cash and cash equivalents	(200.7)	(154.6)
- Other current financial assets ¹	(0.1)	(0.1)
Net debt	482.1	393.6
LTM adjusted EBITDA ²	207.2	127.0
Net leverage ratio	x 2.33	x 3.10

¹ Other current financial assets adjusted by hedging valuation

² LTM EBITDA of €207.2 million is adjusted for €8.1 million non-recurring

AZR acquisition-related costs and includes c. €30 million LTM EBITDA from AZR

Operating cash flow in 9M 2021 amounted to €73.9 million, doubling yoy (9M 2020: €37.8 million). This improvement was mainly driven by the earnings increase explained. Working capital was up by €27 million yoy, including c. €10m working capital impact from the acquired US operations; remaining is mainly explained by higher receivables driven by higher revenue yoy. Interests paid in 9M 2021 reduced by 3.9% yoy to €15.0 million (9M 2020: €15.6 million) mainly as a result of the repricing of the capital structure in February 2020.

In 9M 2021, Befesa invested €57.2 million (9M 2020: €39.5 million) to fund growth investments - mainly related to the first two plants in China partly funded through local loans - as well as to fund regular maintenance capex.

Following the €46.8 million dividend distribution, the funding of the China expansion and the AZR acquisition, total cash flow generated in 9M 2021 amounted to €26.8 million. Together with the €19.3 million cash and cash equivalents incorporated from AZR, Befesa's cash on hand improved to €200.7 million from €154.6 million at year-end 2020. The €200.7 million cash balance together with the €75.0 million RCF, entirely undrawn, provides Befesa with more than €275 million **liquidity**.

Segment information

Steel Dust Recycling Services

Volumes of **EAFD recycled** in 9M 2021 increased 12.2% yoy to 563,274 tonnes (9M 2020: 501,914 tonnes). In Q3 2021, 222,606 tonnes of EAFD were recycled, up 38.5% yoy (Q3 2020: 160,676 tonnes). The positive volume developments were driven mainly by the contribution from the acquired US recycling plants but also by the better performance of existing operations yoy. With these volumes, Befesa's EAFD recycling plants ran at average load factors of around 80% of the installed annual

recycling capacity of c. 1,555,300 tonnes, including c. 620,000 tonnes from the acquired US recycling plants.

The volume of Waelz oxide (WOX) sold increased by 5.6% yoy to 192,569 tonnes in 9M (9M 2020: 182,410 tonnes) and by 30.9% yoy to 73,235 tonnes in Q3 (Q3 2020: 55,948 tonnes). The yoy increase of WOX sold was lower relative to the EAFD throughput increase mainly explained by building inventory to manage the scheduled plant overhauls including the US operations.

Revenue in the Steel Dust business increased by 18.2% yoy to €304.1 million in 9M 2021 (9M 2020: €257.3 million) and by 33.0% yoy to €108.8 million in Q3 2021 (Q3 2020: €81.8 million).

Adjusted EBITDA increased by 48.6% yoy to €102.7 million in 9M 2021 (9M 2020: €69.1 million) and by 37.4% yoy to €33.5 million in Q3 2021 (Q3 2020: €24.4 million). These yoy increases are primarily driven by the higher market prices and favourable zinc TC. So far in 2021, zinc LME prices were stronger yoy and averaged at €2,414 per tonne in 9M and at €2,538 per tonne in Q3, yoy up 26.8% and 27.1%, respectively. Zinc TC was referenced at \$159 per tonne for the full year 2021 (2020: \$300 per tonne). Combined, the net price effect (zinc LME and TC) was up 51% yoy in 9M and up 48% yoy in Q3. Zinc hedging average prices in both 9M and Q3 were lower yoy as well as compared to spot average prices in the respective periods. Combined, the zinc effective average prices (blended rate between hedged volume and non-hedged volume) amounted to €2,241 per tonne in 9M 2021, up 7.3% yoy (9M 2020: €2,089 per tonne), and to €2,220 per tonne in Q3 2021, stable yoy (Q3 2020: €2,214 per tonne). In addition, the yoy EBITDA increases were also driven by higher EAFD throughput and the positive contribution from the acquired US operations, partially offset by lower Stainless operations.

Adjusted EBIT came in at €85.5 million in 9M 2021, up 56.3% yoy (9M 2020: €54.7 million), and at €26.0 million in Q3 2021, up 28.6% yoy (Q3 2020: €20.2 million), following the same drivers explained referring to the EBITDA development.

Consequently, earnings margins in 2021 recovered yoy to pre-pandemic levels: adjusted EBITDA margin increased to 33.8% in 9M (9M 2020: 26.9%) and to 30.8% in Q3 (Q3 2020: 29.8%); adjusted EBIT margin improved to 28.1% in 9M (9M 2020: 21.3%) and to 23.9% in Q3 (Q3 2020: 24.7%).

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

Salt slags and SPL recycled volumes in 9M 2021 decreased by 9.0% yoy to 302,988 tonnes (9M 2020: 333,008 tonnes), due to the plant in the UK, which was permanently closed at year-end 2020. Volumes recycled in Q3 amounted to 107,224 tonnes, up 4.5% yoy (Q3 2020: 102,570 tonnes).

On average, salt slags recycling plants continued to operate at solid pre-pandemic levels with utilisation rates at 90% and 95% in 9M and Q3, respectively, of the latest installed annual recycling capacity of 450,000 tonnes.

Revenue in the Salt Slags subsegment came in at €57.3 million in 9M 2021, up 5.6% yoy (9M 2020: €54.3 million). In Q3 2021, revenue improved by 22.1% yoy to €20.0 million (Q3 2020: €16.4 million).

EBITDA increased by 38.6% yoy to €15.9 million in 9M (9M 2020: €11.5 million) and by 79.9% yoy to €4.8 million in Q3 (Q3 2020: €2.6 million). The yoy earnings increase was primarily driven by the higher aluminium alloy FMB prices, which averaged €1,978 per tonne in 9M, up 47.4% yoy (9M 2020: €1,342 per tonne), and €2,008 per tonne in Q3, up 53.1% yoy (Q3 2020: €1,312 per tonne). This positive development was partially offset by the volume decrease.

EBIT increased by 89.2% yoy to €9.0 million in 9M 2021 (9M 2020: €4.8 million) and by more than four times yoy to €2.5 million in Q3 2021 (Q3 2020: €0.6 million), following the same drivers explained referring to the EBITDA development.

Therefore, earnings margins in the Salt Slags subsegment also recovered yoy to pre-pandemic levels: EBITDA margin improved to 27.7% in 9M (9M 2020: 21.1%) and to 23.8% in Q3 (Q3 2020: 16.1%); EBIT margin increased to 15.7% in 9M (9M 2020: 8.8%) and to 12.8% in Q3 (Q3 2020: 3.4%).

Secondary Aluminium subsegment

Aluminium alloy production volumes in 9M 2021 increased by 15.1% yoy to 142,353 tonnes (9M 2020: 123,699 tonnes), which represents an all-time-high. In Q3 2021, volumes decreased by 3.5% yoy to 42,900 tonnes (Q3 2020: 44,444 tonnes). On average, secondary aluminium production plants operated at 93% and 83% utilisation rates in 9M and Q3, respectively, demonstrating a recovery to pre-pandemic levels.

Revenue in the Secondary Aluminium subsegment amounted to €244.3 million in 9M 2021, up 53.4% yoy (9M

2020: €159.2 million). In Q3 2021, revenue increased 33.3% yoy to €72.0 million (Q3 2020: €54.0 million). The positive revenue development follows the volume increase and the favourable aluminium alloy FMB prices.

EBITDA more than doubled yoy to €18.2 million in 9M (9M 2020: €6.5 million) and increased by 44.6% yoy to €4.5 million in Q3 (Q3 2020: €3.1 million). This positive development is primarily due to the improvement in volumes, the strong market prices and aluminium metal margins.

EBIT improved yoy and reversed from the low levels in 2020, to €12.2 million in 9M 2021 (9M 2020: €0.5 million) and to €2.6 million in Q3 (Q3 2020: €1.2 million), following the same drivers that impacted the EBITDA development.

Strategy

Hedging strategy

Befesa's hedging strategy is unchanged and continues to be a key element of Befesa's business model to manage the zinc price volatility and therefore improve the stability and visibility of earnings and cash flow across the economic cycle. Further details are available in Befesa's Annual Report 2020 (page 33).

In Q3 2021, Befesa continued its hedging rigor and extended its zinc hedge book up to and including October 2024 for the non-US operations.

The acquired Zinc US operations came with a hedge book in place up to and including Q1 2023, at hedging prices of around \$2,500 per tonne for the remaining of 2021 and around \$2,750 per tonne for the full year 2022 and Q1 2023. Following the closing of the acquisition and under Befesa's more competitive hedging programme, Befesa extended the hedges for the US operations up to and including April 2024, locking in 15,000 tonnes of zinc equivalent output per quarter at \$2,925 per tonne for Q2 2023, \$2,950 per tonne for Q3 and Q4 2023, and \$2,975 per tonne for Q1 2024. Befesa continues to work on extending the hedge book for the US operations to be synchronised with that of the non-US operations, under Befesa's hedging strategy.

The combined global hedge book in place as of the date of this Q3 Statement Report provides Befesa with improved pricing visibility for the following three years, through 2021 (at c. €2,150 per tonne), 2022 (at c. €2,250 per tonne),

2023 (at c. €2,350 per tonne) and the first three quarters of 2024 (at c. €2,350 per tonne).

The average hedged prices and volumes for each of the periods are:

Period	Average hedged price (€ per tonne)	Zinc content in WOX hedged
2020	€2,239	92,400
2021	c. €2,150	129,211
2022	c. €2,250	146,620
2023	c. €2,350	150,955
Up to Oct 2024	c. €2,350	84,300

China expansion

During Q3 2021, the expansion of the Steel Dust Recycling Services operations into China continued progressing on schedule and budget in both provinces - Jiangsu and Henan.

- **Jiangsu:** The official opening event of the Changzhou plant is scheduled for mid-November with commercial operations starting in November/December.
- **Henan:** Construction works at the Xuchang site are progressing on time and budget. The construction of the plant is expected to be completed by the end of 2021, with ramp up including commissioning scheduled during H1 2022.

The two plants in Jiangsu and Henan are designed to each recycle 110,000 tonnes of EAFD per year and will represent Befesa's eleventh and twelfth EAFD recycling sites globally, along with the existing sites in Europe, Turkey, South Korea and the US.

US operations

On 17 August 2021, Befesa closed the acquisition of 100% of American Zinc Recycling (AZR)'s recycling assets for a purchase price of \$450 million and a 6.9% minority stake in AZR's zinc refining subsidiary for \$10 million.

Befesa's US operations are delivering as expected and positively contributed during c. 6 weeks of Q3 following the closing of the acquisition. The positive impact demonstrates the benefits of the acquisition of one of the US market leaders in EAFD recycling services and the success of Befesa's strategy of accelerating the expansion of its global footprint.

Befesa renamed its acquired US operations to Befesa Zinc US and appointed Mr. Rodrigo Daud as CEO and

President. Befesa is driving progress on the integration and the related synergies of its US operations.

Befesa Zinc US is a US market leader in providing EAFD recycling services with a processing capacity of c. 620,000 tonnes of EAFD per year offered through four recycling plants located in South Carolina, Tennessee, Illinois and Pennsylvania, near the major US electric arc furnace (EAF) steel mini-mills.

The EAF is a prevailing steelmaking method in the US, representing more than 70% of the total steel produced. As such, the US has one of the largest and growing markets of EAF steelmakers globally driven by the decarbonisation trend.

This transaction represents a great step forward in executing Befesa's strategy and in accelerating its growth globally. Through the acquisition of AZR's recycling assets, Befesa becomes a global leader in EAFD recycling with a globally well-balanced footprint across Europe, Asia and the US with 12 facilities offering c. 1.7 million tonnes of EAFD processing capacity per year.

Outlook 2021

Targeting full year **2021 adjusted EBITDA of c. €195 million**, above 50% yoy growth (2020: €127.0 million).

Outlook 2021 was updated (previous: €165-190 million) to reflect record YTD earnings and about four months of the acquired US operations, adjusted for the non-recurring acquisition-related costs.

Consolidated financial statements as of 30 September 2021 (thousand of euros)

Statement of financial position

Assets

	30 September 2021	31 December 2020
Non-current assets:		
Intangible assets		
Goodwill	612,138	335,564
Other intangible assets	86,291	87,458
	698,429	423,022
Right-of-use assets	28,131	20,401
Property, plant and equipment, net	460,086	295,308
Non-current financial assets		
Investments in Group companies and associates	8,731	118
Other non-current financial assets	6,042	2,546
	14,773	2,664
Deferred tax assets	99,570	81,369
Total non-current assets	1,300,989	822,764
Current assets:		
Inventories	58,122	39,350
Trade and other receivables	91,810	54,222
Trade receivables from related companies	1,059	1,003
Accounts receivables from public authorities	11,652	9,621
Other receivables	17,815	18,817
Other current financial assets	1,062	64
Cash and cash equivalents	200,667	154,558
Total current assets	382,187	277,635
Total assets	1,683,176	1,100,399

Statement of financial position (continued)

Equity and liabilities

	30 September 2021	31 December 2020
Equity:		
Parent Company		
Share capital	111,048	94,576
Share premium	532,867	263,875
Hedging reserves	(62,567)	(9,509)
Other reserves	(17,803)	(54,306)
Translation differences	(12,693)	(15,077)
Net profit/(loss) for the period	61,518	47,608
Interim dividend	-	(9,880)
Equity attributable to the owners of the Company	612,370	317,287
Non-controlling interests	12,312	10,294
Total equity	624,682	327,581
Non-current liabilities:		
Long-term provisions	17,586	9,968
Loans and borrowings	648,344	520,602
Lease liabilities	15,024	10,860
Other non-current financial liabilities	28,370	4,614
Other non-current liabilities	5,039	4,905
Deferred tax liabilities	67,960	68,293
Total non-current liabilities	782,323	619,242
Current liabilities:		
Loans and borrowings	12,941	13,629
Lease liabilities	6,505	3,124
Other current financial liabilities	56,493	8,842
Trade payables to related companies	1,320	613
Trade and other payables	128,334	98,091
Other payables		
Accounts payable to public administrations	32,780	11,432
Other current liabilities	37,798	17,845
	70,578	29,277
Total current liabilities	276,171	153,576
Total equity and liabilities	1,683,176	1,100,399

Income statement

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Revenue	574,212	446,371	28.6 %	189,976	145,176	30.9 %
Changes in inventories of finished goods and work-in-progress	2,056	(11,155)	-	7,704	(921)	-
Procurements	(257,744)	(179,806)	43.3 %	(85,836)	(58,607)	46.5 %
Other operating income	4,490	3,287	36.6 %	1,601	1,013	58.0 %
Personnel expenses	(71,722)	(61,526)	16.6 %	(29,642)	(20,429)	45.1 %
Other operating expenses	(122,592)	(112,628)	8.8 %	(49,232)	(36,944)	33.3 %
Amortisation/depreciation, impairment and provisions	(30,393)	(42,910)	(29.2) %	(11,751)	(8,197)	43.4 %
Operating profit (EBIT)	98,307	41,633	> 100 %	22,820	21,091	8.2 %
Finance income	71	15,623	(99.5) %	26	35	(25.7) %
Finance expenses	(18,346)	(14,484)	26.7 %	(8,325)	(5,468)	52.2 %
Net exchange differences	10,362	(1,199)	-	10,573	(812)	-
Net finance income/(loss)	(7,913)	(60)	> 100 %	2,274	(6,245)	-
Profit/(loss) before tax	90,394	41,573	> 100 %	25,094	14,846	69.0 %
Corporate income tax	(25,833)	(12,044)	> 100 %	(8,065)	(4,602)	75.2 %
Profit/(loss) for the period	64,561	29,529	> 100 %	17,029	10,244	66.2 %
Attributable to:						
Parent Company's owners	61,518	31,420	95.8 %	15,924	10,846	46.8 %
Non-controlling interests	3,043	(1,891)	-	1,105	(602)	-
Earnings/(losses) per share attributable to owners of the Parent Company¹ (expressed in euros per share)	1.69	0.92	83.4 %	0.40	0.32	25.0 %

¹ EPS in 9M/Q3 2020 is based on 34,066,705 shares; 9M 2021 is based on 36,370,474 weighted average shares after the capital increase of 5,933,293 new shares; Q3 2021 is based on 39,999,998 outstanding shares after the capital increase

Statement of cash flows

	9M 2021	9M 2020	Q3 2021	Q3 2020
Cash flows from operating activities:				
Profit/(loss) for the period before tax	90,394	41,573	25,094	14,846
Adjustments due to:	37,936	40,644	8,773	15,104
Depreciation and amortisation	30,393	42,910	11,751	8,197
Changes in provisions	189	(1,539)	(521)	928
Interest income	(71)	(15,623)	(26)	(35)
Finance costs	18,346	14,484	8,325	5,468
Other profit/(loss)	(559)	(787)	(183)	(266)
Exchange differences	(10,362)	1,199	(10,573)	812
Changes in working capital:	(26,835)	(14,013)	(19,508)	6,517
Trade receivables and other current assets	(33,932)	(16,606)	(11,264)	(1,790)
Inventories	(9,890)	15,251	(10,368)	2,419
Trade payables	16,987	(12,658)	2,124	5,888
Other cash flows from/(used in) operating activities:	(27,554)	(30,419)	(10,656)	(9,882)
Interest paid	(14,965)	(15,578)	(7,327)	(5,299)
Taxes paid	(12,589)	(14,841)	(3,329)	(4,583)
Net cash flows from/(used in) operating activities (I)	73,941	37,785	3,703	26,585
Cash flows from/(used in) investing activities:				
Investments in intangible assets	(154)	(446)	(4)	(321)
Investments in property, plant and equipment	(57,022)	(39,076)	(14,045)	(8,276)
Collections from financial assets	1,880	-	1,880	-
Acquisition/(Disposal) of new subsidiaries	(393,006)	-	(393,006)	-
Collections from sale of property, plant and equipment	-	100	-	83
Investments/(Divestments) in other current financial assets	(46)	37	(3)	87
Net cash flows from/(used in) investing activities (II)	(448,348)	(39,385)	(405,178)	(8,427)
Cash flows from/(used in) financing activities:				
Equity issuance	330,603	-	-	-
Cash inflows from bank borrowings and other liabilities	122,071	2,985	104,037	(643)
Cash outflows from bank borrowings and other liabilities	(4,341)	(3,344)	(1,278)	(1,085)
Transactions involving non-controlling interests	-	-	-	-
Dividends paid to shareholders	(46,800)	(15,000)	(46,800)	(15,000)
Net cash flows from/(used in) financing activities (III)	401,533	(15,359)	55,959	(16,728)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)	(329)	(737)	(361)	(291)
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	26,797	(17,696)	(345,877)	1,139
Cash and cash equivalents at the beginning of the period	154,558	125,460	527,232	106,625
Cash and cash equivalents - incorporation to the perimeter of Befesa Holding US Inc.	19,312	-	19,312	-
Cash and cash equivalents at the end of the period	200,667	107,764	200,667	107,764

Additional information

Segmentation overview - key metrics

Steel Dust Recycling Services

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Key operational data (tonnes, unless specified otherwise)						
EAFD throughput ¹	563,274	501,914	12.2 %	222,606	160,676	38.5 %
WOX sold	192,569	182,410	5.6 %	73,235	55,948	30.9 %
Zinc blended price (€ / tonne)	2,241	2,089	7.3 %	2,220	2,214	0.3 %
Total installed capacity ²	1,555,300	825,300	88.5 %	1,555,300	825,300	88.5 %
Utilisation (%) ²	81.0 %	81.2 %	(26) bps	77.7 %	77.5 %	28 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	304.1	257.3	18.2 %	108.8	81.8	33.0 %
EBITDA	99.2	69.1	43.4 %	29.9	24.4	22.7 %
EBITDA margin	32.6 %	26.9 %	574 bps	27.5 %	29.8 %	(231) bps
Adjusted EBITDA ³	102.7	69.1	48.6 %	33.5	24.4	37.4 %
Adjusted EBITDA margin ³	33.8 %	26.9 %	692 bps	30.8 %	29.8 %	98 bps
EBIT	82.0	54.7	49.8 %	22.4	20.2	10.8 %
EBIT margin	27.0 %	21.3 %	568 bps	20.6 %	24.7 %	(412) bps
Adjusted EBIT ³	85.5	54.7	56.3 %	26.0	20.2	28.6 %
Adjusted EBIT margin ³	28.1 %	21.3 %	686 bps	23.9 %	24.7 %	(82) bps

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Key operational data (tonnes, unless specified otherwise)						
Salt slags and SPL recycled	302,988	333,008	(9.0) %	107,224	102,570	4.5 %
Total installed capacity	450,000	530,000	(15.1) %	450,000	530,000	(15.1) %
Utilisation (%) ⁴	90.0 %	83.9 %	609 bps	94.5 %	77.0 %	1,754 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	57.3	54.3	5.6 %	20.0	16.4	22.1 %
EBITDA	15.9	11.5	38.6 %	4.8	2.6	79.9 %
EBITDA margin	27.7 %	21.1 %	660 bps	23.8 %	16.1 %	763 bps
EBIT	9.0	(10.7)	-	2.5	0.6	> 100 %
EBIT margin	15.7 %	(19.7) %	3,547 bps	12.8 %	3.9 %	882 bps
Adjusted EBIT ⁵	9.0	4.8	89.2 %	2.5	0.6	> 100 %
Adjusted EBIT margin ⁵	15.7 %	8.8 %	695 bps	12.8 %	3.4 %	930 bps

Secondary Aluminium subsegment

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Key operational data (tonnes, unless specified otherwise)						
Secondary aluminium alloys produced	142,353	123,699	15.1 %	42,900	44,444	(3.5) %
Aluminium alloy FMB price (€ / tonne) ⁶	1,978	1,342	47.4 %	2,008	1,312	53.1 %
Total installed capacity ⁷	205,000	205,000	-	205,000	205,000	-
Utilisation (%) ⁷	92.8 %	80.6 %	1,224 bps	83.0 %	86.2 %	(322) bps
Key financial data (€ million, unless specified otherwise)						
Revenue	244.3	159.2	53.4 %	72.0	54.0	33.3 %
EBITDA	18.2	6.5	> 100 %	4.5	3.1	44.6 %
EBITDA margin	7.4 %	4.1 %	336 bps	6.2 %	5.7 %	49 bps
EBIT	12.2	0.5	> 100 %	2.6	1.2	> 100 %
EBIT margin	5.0 %	0.3 %	469 bps	3.6 %	2.2 %	137 bps

Note: Segment splits, revenue and earnings contributions do not take into account corporate nor the inter-segment eliminations.

1 EAFD throughput does not include stainless steel dust treated volumes

2 Total installed capacity in Steel Dust does not include 174,000 tonnes per year of stainless-steel dust recycling operations;

The increase in annual installed capacity to 1,555,300 tonnes reflects the c. 620,000 tonnes added by the acquired US recycling plants

Utilisation represents EAFD processed against annual installed recycling capacity

3 9M/Q3 2021 EBITDA and EBIT adjusted for the non-recurring AZR acquisition-related costs

4 Utilisation represents the volume of salt slags & SPL recycled against annual installed capacity;

The 80kt reduction in annual installed capacity to 450,000 tonnes reflects the UK plant's permanent closure since year-end 2020;

Total annual installed capacity figures do not include the 100,000 tonnes idled capacity at Töging, Germany

5 9M 2020 EBIT adjusted for the extraordinary impairment of the UK salt slags plant

6 Aluminium Scrap and Foundry Ingots Aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin Free Market Duty paid delivered works

7 Utilisation represents the volume of secondary aluminium alloys produced against annual installed production capacity

Financial calendar

Thursday, 24 February 2022	Preliminary Year-End Results 2021 & Conference Call
Wednesday, 30 March 2022	Annual Report 2021
Tuesday, 26 April 2022	Q1 2022 Statement & Conference Call
Thursday, 16 June 2022	Annual General Meeting
Thursday, 28 July 2022	H1 2022 Interim Report & Conference Call
Thursday, 27 October 2022	Q3 2022 Statement & Conference Call

Notes: Befesa's financial reports and statements are published at 7:30 am CEST

Befesa cannot rule out changes of dates and recommends checking them at the Investor Relations / Investor's Agenda section of Befesa's website www.befesa.com

IR contact

Rafael Pérez

Director of Investor Relations & Strategy

Phone: +49 (0) 2102 1001 0

email: irbefesa@befesa.com

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BEFESA

Befesa S.A.

46, Boulevard Grande-Duchesse Charlotte

L-1330 Luxembourg

Grand Duchy of Luxembourg

www.befesa.com